

MORANDUM FOR: The Director

Executive Registry

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For your information and use in connection with your discussions with Secretary Blumenthal, I have attached two memoranda describing the basic CIA relations with the Treasury Department. One sets forth the considerable, and increasing, contacts in the DDI area, with a few suggestions for improvement from our point of view. The DDO also forwards a paper setting forth the essentials of its work with Treasury.

Paul V. Walsh
A/DDI

Date 14 Apr 77

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Treasury

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CIA Relations With the Treasury Department

1. CIA relations with the Treasury Department are good and have been getting better. Secretary Simon, and Secretary Shultz before him made very effective use of intelligence support and encouraged their subordinates to do the same.

2. There are several kinds of CIA-Treasury links:

-- The DCI and other CIA officials met with both Secretaries Shultz and Simon on several occasions to discuss Treasury's need for CIA support.

-- The Office of National Security (ONS) at Treasury, the intelligence component which is headed by [REDACTED]

[REDACTED] organizes Treasury's representation in Intelligence Community councils, handles Treasury's requirements for intelligence support, especially CIA and NSA collection, promotes exchange of information between Treasury and CIA production units, and provides written intelligence briefings for high-level officials, including the Secretary.

-- There are daily contacts between middle - and working-level officials at Treasury in the Office of the Assistant Secretary for International Affairs and CIA/OER personnel. These contacts provide CIA with specific requests for research support and guidance on Treasury's current concerns and priorities. They also result in a broad exchange of information and views.

3. Treasury has been OER's second best customer, after State. OER prepared 91 studies for Treasury last year and another 19 this year since the start of the new Administration (see attached selected list).

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Treasury has especially sought OER research support on Communist countries and on LDCs -- both areas in which Treasury has important policy responsibility but is thinly staffed. On industrial countries and international trade and commodity issues -- areas in which Treasury is strongly staffed -- there is a more competitive element in the relationship with CIA, but here too relations have been getting closer. Occasionally the Secretary has asked CIA for its independent views on major issues. CIA has prepared a number of briefing papers for the Secretary, most often before a foreign trip, which are sometimes sent directly to him and at other times integrated into the Treasury briefing papers.

4. Treasury has also been a growing customer of ORPA's political analysis, which has been provided in both oral briefings and special reports. It has found joint OER/ORPA integrated assessments of the political and economic elements affecting the policy decisions of foreign countries especially useful. OCR produces a large amount of biographic support for Treasury officials, including the Secretary -- a total of 155 biographic reports have been prepared since January 20th and another 54 are in preparation. DDO and NSA have been responsive to Treasury requirements and make selected cables available to Treasury officials.

5. Since 1973 OER has detailed an experienced officer to ONS to prepare briefings for top Treasury officials and Cabinet-level officials in other departments. At one time the OER man gave daily oral briefings to the Secretary and the Deputy Secretary of the Treasury, the Under Secretary of the Treasury for Monetary Affairs, the Assistant Secretary of the Treasury for International Affairs, the Secretary of Commerce, the Chairman of the Council of Economic Advisers, the President's Special Assistant for Economic Affairs and the President's Special Trade Representative, and weekly briefings to the Chairman of the Federal Reserve Board. The briefings were short, informal, and tailored to the particular needs of the Cabinet official. They were based primarily on current intelligence reporting, but also were used to bring analytical papers to the attention of Cabinet officials and were helpful in obtaining occasional reactions to CIA products and indications of policy interests.

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6. Currently the number of officials being briefed and the frequency of the briefings has been considerably reduced, partly because the Cabinet team is new and partly because procedures have changed. [redacted] the current OER man at Treasury does not give oral briefings to Treasury officials but rather contributes to a written briefing which, under a planned reorganization, will no longer go directly to the Secretary but will become a contribution to a general briefing prepared by an executive secretariat. [redacted] is preparing a written briefing for Commerce officials. [redacted] is giving oral briefings about weekly to Energy Adviser Schlesinger, Chairman of the Council of Economic Advisers Schultze, Labor Secretary Marshall, Chairman of the Federal Reserve Burns, Director of Management and Budget Lance, the President's Special Trade Representative Strauss, as well as some lower level officials.

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7. In view of the change in briefing procedures within Treasury and the reduced frequency of the non-Treasury oral briefings, an alternative to the present arrangement should be considered; namely, to provide Cabinet-level briefings directly from CIA. The present arrangement provides the advantages of a downtown location, and considerable help to ONS. A briefer operating from CIA headquarters would have access to a broader information base and would be in a better position to serve as a communication channel between CIA and the recipients. Some sort of downtown office would be helpful. Although we can certainly live with the present arrangement, I recommend a change to direct CIA briefings unless Secretary Blumenthal strongly feels otherwise. [redacted] will make a contrary recommendation.

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8. Secretary Blumenthal has not been in office long enough to become familiar with CIA's capabilities. A briefing session for him and Under Secretary for Monetary Affairs Anthony Solomon at CIA Headquarters would create a stronger foundation for future Treasury guidance to CIA on intelligence priorities.

9. If the opportunity arises, it would be useful to mention to the Secretary several areas in which Treasury could be helpful to CIA.

-- Feedback. The usefulness of positive or negative comment on our products, including biographic reports.

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